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The CIA and Jacob Kaplan —They Both Thrive on Risk

By NORA EPHRON

In the rarefied worlds of finance and philanthropy, Jacob M. Kaplan is known as a lone wolf, a buccaneer, a frontiersman.

He has made millions in risky business ventures, and poured millions back into charity and such causes as the Democratic Party, Freedom House, the New School for Social Research, establishment of a waterfront park at Breezy Point, the saving of Carnegie Hall from demolition and Mobilization for Youth.

The Internal Revenue Service, however, sees Kaplan from a different angle. Yesterday an IRS official charged before a Congressional committee that the J.M. Kaplan Fund, a charitable institution set up by the financier, had been given financial support by the Central Intelligence Agency.

Rep. Wright Patman said the foundation had served as a "secret conduit" for the CIA. His disclosure was made at a public hearing of the House Small Business subcommittee which is studying the Kaplan foundation's tax-exempt status.

The CIA had a "no comment" when queried by reports on its relationships with the Kaplan Fund, but it was understood that there had been an "arrangement" with the foundation which began in 1959 and ended this year. Just how much money was allegedly funneled into the Kaplan Fund and just what it was used for was not revealed.

Congressional investigators, however, after a closed-door meeting yesterday with CIA representatives, suddenly announced the CIA aspect of the investigation was being dropped.

For years, the CIA has, according to authoritative reports, used tax-exempt foundations to support its propaganda and



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other psychological-warfare activities, especially in the foreign field.

The Kaplan Fund is under investigation by the IRS and by the House Small Business subcommittee, under Rep. Wright Patman (D-Tex.), along with 15,000 charitable foundations which now are tax-exempt. Earlier this month, Patman charged that Kaplan used his foundation to take over control of business firms.

Yesterday, Kaplan could not be reached, but a spokesman for the Fund said there was "no comment." The rest of the 30-odd employees who staff the management of the vast Kaplan fortune seemed unaware that anything unusual had happened.

That is probably the way Kaplan wanted it. A dapper, spry man of 71 who uses public transportation and is fond of telling people his money is

so tied up in trusts that he can't touch a penny of it, Kaplan is known for his single-mindedness and brilliant business judgment.

But if his money is completely tied up, there is enough loose change kicking around for him to maintain a town house at 53 E. 80th St. and summer place in East Hampton.

Kaplan amassed his fortune in Latin American sugar production, and increased it by taking over the Welch Grape Juice Co. in 1945. Eleven years later, he made corporate history by selling the company back to the employees as a cooperative and realizing a capital gain of \$12,000,000.

He was also president of Hearn Department Stores, Inc., here.

Kaplan put much of his money into trusts for his four children and the rest went into the Kaplan Fund, except for an undisclosed amount which went into an organization called the Gemcap Corp., which supplied cash for his personal needs.

The trustees of the Kaplan Fund must have used the money judiciously, since in one year, its assets climbed from \$4,486,000 to \$15,277,000. Its stated purpose is to "strengthen democracy at home and abroad through a program of general assistance to benevolent, charitable, educational, scientific and literary activities."

In 1961, it was charged that Kaplan used his foundation and his position as a director of Endicott Johnson to take over the Glen Alden Co.

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